



Reprinted
February 24, 2007

HOUSE BILL No. 1525

DIGEST OF HB 1525 (Updated February 23, 2007 5:49 pm - DI 92)

Citations Affected: IC 24-9.

Synopsis: New home construction and homeowner education. Provides that after June 30, 2007, a builder may not enter into a home construction contract with a prospective home buyer unless the builder first gives the prospective home buyer a written estimate of the property taxes that: (1) will be owed by the prospective home buyer on the new home; and (2) are based on an assessment made on the first assessment date after the construction of the new home is complete. Specifies that the required estimate may not be based on an assessment of unimproved real estate. Requires the Indiana housing and community development authority (authority) to prescribe a form to be used by builders in making the required disclosure. Defines an "at risk home buyer" as a person who: (1) has a credit score that is less than 620; and (2) seeks to obtain a home loan from a creditor. Requires the authority prepare and make available to creditors home ownership educational materials for use by at risk home buyers. Provides that after June 30, 2007, a creditor may not enter into a home loan with an at risk home buyer unless the creditor first gives the at risk home buyer the educational materials prepared by the authority. Requires a creditor who advertises a home loan to comply with certain advertising requirements in the federal regulations that implement the federal Truth in Lending Act.

Effective: Upon passage.

Murphy, Bardon, Moses

January 23, 2007, read first time and referred to Committee on Financial Institutions.
February 15, 2007, amended, reported — Do Pass.
February 23, 2007, read second time, amended, ordered engrossed.

HB 1525—LS 7772/DI 110+



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First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1525

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 24-9-3-10 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 10. A creditor who advertises a home loan**
4 **shall comply with the advertising requirements concerning credit**
5 **under 12 CFR 226.24 (Regulation Z of the Board of Governors of**
6 **the Federal Reserve System to implement the federal Truth in**
7 **Lending Act (15 U.S.C. 1601 et seq.)).**
8 SECTION 2. IC 24-9-4.5 IS ADDED TO THE INDIANA CODE
9 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
10 UPON PASSAGE]:
11 **Chapter 4.5. Property Tax Disclosures for New Home**
12 **Construction**
13 **Sec. 1. This chapter applies to a home construction contract**
14 **entered into after June 30, 2007.**
15 **Sec. 2. As used in this chapter, "authority" refers to the Indiana**
16 **housing and community development authority created by**
17 **IC 5-20-1-3.**

HB 1525—LS 7772/DI 110+



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1 Sec. 3. As used in this chapter, "builder" has the meaning set
2 forth in IC 32-27-2-6.

3 Sec. 4. As used in this chapter, "home buyer" means a person
4 who enters into a home construction contract with a builder.

5 Sec. 5. As used in this chapter, "home construction contract"
6 means a contract:

- 7 (1) that is entered into by a builder and a home buyer; and
8 (2) under which the builder agrees to construct a new home
9 that the home buyer will occupy:

10 (A) as a residence; and

11 (B) as the first occupant of the new home.

12 Sec. 6. As used in this chapter, "new home" means a new
13 dwelling occupied for the first time after construction.

14 Sec. 7. As used in this chapter, "prospective home buyer" means
15 a person who contemplates entering into a home construction
16 contract with a builder.

17 Sec. 8. (a) A builder may not enter into a home construction
18 contract with a prospective home buyer unless the builder first
19 gives the prospective home buyer a written notice containing an
20 estimate of the property taxes that:

- 21 (1) will be owed by the prospective home buyer with respect
22 to the new home that is the subject of the home construction
23 contract; and

- 24 (2) are based on an assessment of the new home made on the
25 first assessment date after the construction of the new home
26 is complete.

27 The estimate required by this section may not be based on an
28 assessment of unimproved real estate.

29 (b) A builder shall give the notice required by subsection (a) on
30 a form prescribed by the authority. The statement of the estimated
31 property taxes described in subsection (a) must be made in at least
32 sixteen (16) point font. The notice shall be signed in duplicate by
33 both the builder and the prospective home buyer. The builder
34 shall:

- 35 (1) give at least one (1) of the signed notices to the prospective
36 home buyer at the time of signing; and

- 37 (2) retain at least one (1) of the signed notices for the file
38 maintained in connection with the home construction
39 contract.

40 (c) The authority shall prescribe and make available to builders
41 the form described in subsection (b) not later than June 1, 2007.

42 SECTION 3. IC 24-9-4.6 IS ADDED TO THE INDIANA CODE

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1 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
2 UPON PASSAGE]:

3 **Chapter 4.6. Educational Materials for At Risk Home Buyers**

4 **Sec. 1. As used in this chapter, "at risk home buyer" means a**
5 **person who:**

- 6 (1) has a credit score that is less than six hundred twenty
7 (620), as determined by one (1) or more consumer reporting
8 agencies (as defined in 15 U.S.C. 1681a(f)); and
9 (2) seeks to obtain a home loan from a creditor.

10 **Sec. 2. As used in this chapter, "authority" refers to the Indiana**
11 **housing and community development authority created by**
12 **IC 5-20-1-3.**

13 **Sec. 3. As used in this chapter, "credit score" has the meaning**
14 **set forth in 15 U.S.C. 1681g(f)(2)(A).**

15 **Sec. 4. (a) As used in this chapter, "creditor" has the meaning**
16 **set forth in IC 24-9-2-6.**

17 **(b) The term includes a builder (as defined in IC 32-27-2-6) that**
18 **enters into a home loan with a borrower in Indiana.**

19 **Sec. 5. Not later than June 1, 2007, the authority shall prepare**
20 **and make available to creditors written home ownership**
21 **educational materials for use by at risk home buyers in Indiana.**

22 **Sec. 6. After June 30, 2007, a creditor may not enter into a home**
23 **loan with an at risk home buyer unless the creditor first gives the**
24 **at risk home buyer the educational materials prepared by the**
25 **authority under section 5 of this chapter. The at risk home buyer**
26 **shall sign a written acknowledgment that the at risk home buyer**
27 **has received the educational materials. The acknowledgment shall**
28 **be retained in the file maintained in connection with any home loan**
29 **issued to the at risk home buyer by or on behalf of the creditor.**

30 **SECTION 4. An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred House Bill 1525, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill do pass.

(Reference is to HB 1525 as introduced.)

BARDON, Chair

Committee Vote: yeas 7, nays 0.

 HOUSE MOTION

Mr. Speaker: I move that House Bill 1525 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 24-9-3-10 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 10. A creditor who advertises a home loan shall comply with the advertising requirements concerning credit under 12 CFR 226.24 (Regulation Z of the Board of Governors of the Federal Reserve System to implement the federal Truth in Lending Act (15 U.S.C. 1601 et seq.)).**".

Renumber all SECTIONS consecutively.

(Reference is to HB 1525 as printed February 16, 2007.)

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